
THE WALL STREET JOURNAL.

U.S. EDITION

Drug Firms, Senegal Set HIV Drug Pact --- First Accord to Cut Prices Is Made With Merck, Bristol-Myers and Glaxo

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989 words

24 October 2000

The Wall Street Journal

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A3

English

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Half a year after five major pharmaceutical companies and the Joint United Nations Programme on AIDS made world-wide headlines by declaring their intention to make HIV drugs more affordable to poor countries, the first actual price-cut agreement has been struck with Senegal.

The government of the West African nation last night confirmed that it has successfully negotiated drug-price discounts with several of the companies.

Although exact prices aren't being formally released, people close to the negotiations confirm that drugs will be sold in Senegal at discounts as high as 90% off of the retail prices quoted in the U.S., France and other wealthy nations.

"Senegal is first out of the blocks," said Robert Lefebvre of Bristol-Myers Squibb Co. He added that other countries, notably Uganda, are expected to announce that they, too, have successfully bargained for reduced prices from some of the companies.

In May, as a result of growing pressure on the pharmaceutical industry from the international public-health community to help increase access to HIV drugs, the five companies -- which included Merck & Co., Bristol-Myers and Glaxo Wellcome PLC -- announced that they had agreed with officials at UNAIDS and the World Bank to sell their drugs in sub-Saharan Africa at prices much lower than in developed nations. But during the summer talks had progressed slowly among the companies, the international organizations and several countries that had sought to quickly take up the drug makers' offer.

Now, Bristol-Myers and Merck have confirmed that they have reached deals with the Senegalese government. Bristol-Myers said it will slash 90% off its French price for Zerit and Videx, two of the most commonly used HIV drugs. The two drugs often represent two of three drugs needed in the powerful triple-drug combination therapy that can suppress the AIDS virus in infected people.

Although the company declined to release the exact price it will charge in Senegal, people close the talks between Bristol-Myers and Senegal indicate the two drugs' combined price will be about \$1.60 a day, or \$584 a year. In the U.S, the drugs can cost about 10 times that amount.

Merck officials also acknowledged that an agreement has been reached with Senegal, but the company declined to give specific prices for its two drugs, the protease inhibitor called Crixivan, and another drug, Stocrin, which is sold in the U.S. by DuPont Co. as Sustiva. Either Crixivan or Stocrin can be added as the third critical drug in the combination therapy. People familiar with the negotiation said the three drugs' total cost in Senegal would range between \$950 and \$1,850 a year. Triple-drug therapy in the U.S. costs between \$8,000 and \$15,000 a year, depending on which drugs are used.

In the price discussions, which are being facilitated by UNAIDS, each company is negotiating separate agreements with each country so as to avoid antitrust charges of price collusion. Some of the companies also don't want to publicize the exact prices to which they are agreeing, because they want the flexibility to negotiate different prices with other nations.

In its announcement, Senegal said Glaxo, which makes AZT and 3TC, had also agreed to sell its drugs at lower prices. Glaxo declined to provide details, but the company previously had said it would offer to sell a

combination of its two drugs in sub-Saharan countries for less than \$2 a day. Roche Holding AG and Boehringer Ingelheim GmbH, which also make HIV drugs, wouldn't confirm their participation in the negotiations, but people close to the talks said both have been negotiating an accord with Senegal.

Bristol-Myers and Merck each stressed that other elements besides price were key to sealing the deal. Especially important to the companies were distribution systems to make sure patients receive the drugs. Merck, which has teamed up with the Harvard AIDS Institute to offer HIV programs to Senegal, said that Senegal is implementing an anonymous tracking system to follow whether medicines get to patients and whether patients refill their prescriptions properly.

These agreements were finalized at a meeting in Cairo last week that was hosted by the Chicago-based organization International Physicians in AIDS Care and was attended by many African countries and international drug companies.

Senegal has long had a model HIV-prevention program. Fewer than 2% of its adult population is infected with HIV, making it one of sub-Saharan Africa's least-hit countries. For more than a year, it has been running one of several UNAIDS pilot programs to make the AIDS drug cocktails available to impoverished nations.

The new negotiated prices are expected to double or triple the number of Senegalese who can take the drugs.

In a move separate from the special discount negotiated with Senegal as part of the UNAIDS program, Bristol-Myers said it will also reduce the commercial price of its AIDS drugs in West, East and parts of North Africa. The company said the price reduction it will offer will increase to 70% from the current 40% discount it offers in those countries.

The HIV Picture in Senegal

A lower infection rate than its neighbors' but the infection rate in rural sex workers is climbing

	Senegal	Guinea	Mali
Capital/Major city			
Low-risk*	0.4%	1.5%	2.5%
High-risk**	6.1	36.6	42.1
Outside major city			
Low-risk*	0.5	1.4	2.2
High-risk**	21.9	N. A.	N. A.
Population (millions)	9.2	7.4	11.0
GNP per capita	\$540.0	550.0	260.0

* Pregnant women, blood donors, people with no known risk factors

** Prostitutes and clients, STD patients, etc.

Source: UNAIDS/WHO

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